

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

BOARD OF ADMINISTRATION

INVESTMENT COMMITTEE

February 14, 2011

Chief Investment Officer's

Consolidated Investment Activity Report

(December 2010 Reporting Period)

CalPERS Asset Allocation – December 31, 2010

General Market Commentary

The U.S. stock market finished the year strong with a December return of 6.7% and a one year of 15.1% (S&P 500). U.S. small growth stocks led the charge with a 1 year return of 31.1% according to the Wilshire U.S. Small Growth. Unemployment dropped slightly and continues to hover around 9.4%. The U.S. real estate market continues to flounder while the commodity markets (crude oil and gold) have risen dramatically for the past month. Consumer confidence seems to be at an all time high as retail sales were significantly higher than it was this time last year for the holiday season. All these signs seem to point that the recession is finally over and we can look towards a strong start for 2011.

Domestic and International Equities

The S&P 500 index return was up for the month at 6.7%. Small-cap stocks, as measured by the Wilshire Small Cap Index, were up 8.1% for the month. Large-cap growth and value stocks were up in December and returned 5.8% for growth and 7.6% for value (as measured by the Wilshire Large Growth and Value). International equities were up as well, with the MSCI EAFE up 8.1% in dollar terms and (4.8% in local currency). Emerging markets were up at 7.1% in dollar terms (as measured by the MSCI EM Index) during the month.

Domestic and International Fixed Income

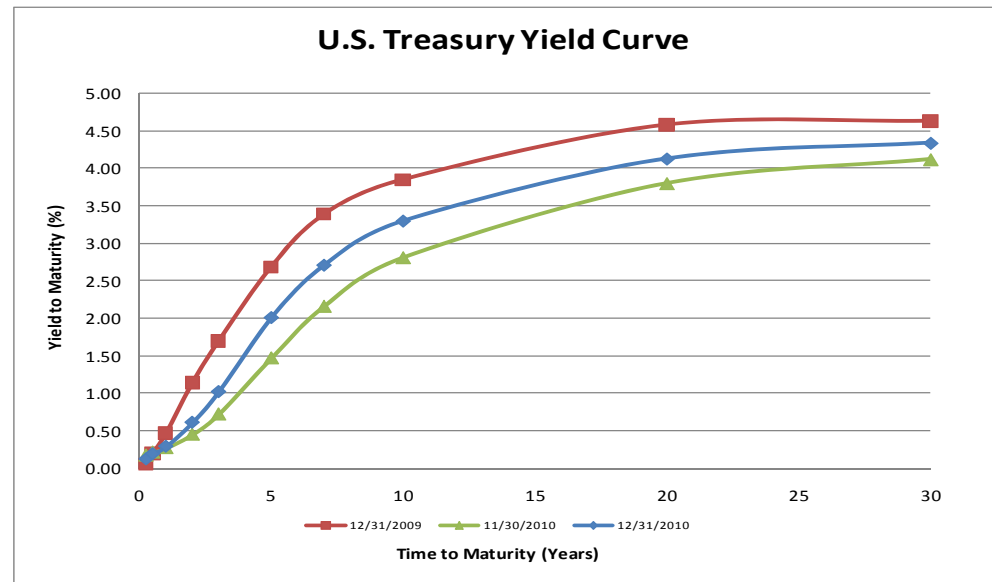
The Barclays Capital Aggregate Bond Index returned -1.1% for December, ahead of the US Treasury return of -1.5% (as measured by BC Intermediate Treasury Index). The BC Long Term Treasury Index returned -3.7% despite yields on 30-year Treasury bonds being up from the previous month. U.S. TIPS returned -1.6% (BC U.S. TIPS Index) during December. The high yield bond market returned 1.8% during the month, as measured by the Merrill Lynch High Yield Master II Index. International fixed income markets returned 1.8% while the dollar was down against the euro, pound and the yen as measured by the Citigroup World Government Bond Index ex US (unhedged).

Real Estate

Public real estate (as measured by the Wilshire US RESI Index) was positive with a return of 4.9% in December. The NCREIF Index of Real Estate Properties returned 3.9% for the quarter ended September 2010.

Absolute Return Strategies

Absolute Return Strategies (HFRI Fund to Funds Index) returned 2.0% in December and 5.1% for the 12 months ended December 2010.



MARKET INDICATORS	12/31/2009	Direction	11/30/2010	Direction	12/31/2010
1Month LIBOR (fixed in \$)	0.25%	↑	0.75%	↑	0.81%
Federal Funds	0.00% -0.25%	-	0.00% -0.25%	-	0.00% -0.25%
10Y Treasury Note Yield	3.85%	↓	2.81%	↑	3.30%
30Y Treasury Bond Yield	4.63%	↓	4.12%	↑	4.34%
Wilshire 5000 Comp	11,497.40	↑	12,464.30	↑	13,290.00
S&P 500	1,115.10	↑	1,180.55	↑	1,257.64
NASDAQ Composite	2,291.28	↑	2,498.23	↑	2,652.87
FTSE 100 Index	5,412.90	↑	5,528.30	↑	5,899.90
Nikkei 225 Index	10,546.44	↓	9,937.04	↓	10,228.92
Yen/\$ (Dollar Strength)	93.095	↓	83.77	↓	81.11
Euro/\$ (Dollar Strength)	0.700	↑	0.768	↓	0.745
GBP/\$ (Dollar Strength)	0.619	↑	0.642	↓	0.639
Crude Oil per Barrel	\$79.40	↑	\$ 81.11	↑	\$89.84
Gold (\$/oz Daily Spot)	\$1,087.5 0	↑	\$1,383.50	↑	\$1,405.50
GS Commodities TR Index	4,534.12	↓	4,518.55	↑	4,943.41

CalPERS Asset Allocation – December 31, 2010

Summary

- Total Fund Market Value was \$225.7 Billion
- Total Fund Book Value was \$198.0 Billion
- As of December 31, 2010, all asset classes were within their Strategic Target Policy Ranges.

Book to Market Value Comparison

	Book Value ² (\$ Billion)	Market Value ³ (\$ Billion)	Difference (Market – Book) (\$ Billion)
Domestic Equity ¹	\$38.5	\$55.4	\$16.9
International Equity	\$56.6	\$63.3	\$6.6
Global Equity	\$95.0	\$118.6	\$23.6
Domestic Fixed Income	\$33.9	\$44.2	\$10.3
International Fixed Income	\$3.1	\$3.4	\$0.2
Global Fixed Income	\$37.1	\$47.5	\$10.4
AIM	\$33.0	\$31.7	\$-1.3
Real Estate	\$22.0	\$16.6	\$-5.5
Inflation Linked	\$6.3	\$6.7	\$0.5
Cash Equivalents	\$4.6	\$4.5	\$-0.1
Total Fund	\$198.0	\$225.7	\$27.7

¹ Included is MDP Investment - LM Capital Investment: Total Book Value=\$238.4 million, Total Market Value=\$246.6 million.

² Total value of assets at cost minus liabilities.

³ Total value of assets at market.

* Figures for this report are rounded for viewing purposes. Calculations are based on actual values. When summing net amounts on this report, there may be breakage.

Top Company Exposures

- As a very significant institutional investor, CalPERS has large exposures to the securities of many corporations either through internal or externally managed portfolios. Consistent with board requested information and in support of the Board of Administration's oversight role, a schedule of the top 20 company exposures is prepared for informational purposes and can be found on Page 4.

CalPERS Top 20 Company Holdings

Global Equity & Global Fixed Income ²

Market Values as of 12/31/2010 ¹

		Global Equity ³			Global Fixed ⁴ Income	Total	
	Company Name	Internally Managed	Externally Managed	Total Equity	Total Fixed Income	Market Value	% of Total Fund
1	EXXON MOBIL CORP	\$913.0	\$134.3	\$1047.2	\$0.0	\$1047.2	0.47%
2	GENERAL ELECTRIC CO	\$452.9	\$71.1	\$523.9	\$432.7	\$956.6	0.43%
3	APPLE INC	\$662.4	\$131.5	\$794.0	\$0.0	\$794.0	0.35%
4	BANK OF AMERICA CORP	\$309.5	\$58.9	\$368.4	\$343.1	\$711.5	0.32%
5	CITIGROUP INC	\$311.7	\$48.6	\$360.4	\$342.9	\$703.2	0.31%
6	MICROSOFT CORP	\$589.6	\$109.8	\$699.4	\$0.0	\$699.4	0.31%
7	AT&T INC	\$434.3	\$54.4	\$488.7	\$195.3	\$684.0	0.31%
8	JPMORGAN CHASE & CO	\$396.1	\$66.9	\$463.1	\$218.3	\$681.4	0.30%
9	WELLS FARGO & CO	\$379.4	\$59.4	\$438.8	\$214.4	\$653.2	0.29%
10	NESTLE SA	\$516.3	\$136.4	\$652.7	\$0.0	\$652.7	0.29%
11	CHEVRON CORP	\$449.5	\$68.6	\$518.1	\$0.0	\$518.1	0.23%
12	GOLDMAN SACHS GROUP INC	\$199.3	\$54.1	\$253.4	\$252.7	\$506.2	0.23%
13	WAL MART STORES INC	\$376.0	\$28.5	\$404.5	\$98.2	\$502.7	0.22%
14	HSBC HOLDINGS PLC	\$455.3	\$39.1	\$494.4	\$0.0	\$494.4	0.22%
15	PROCTER & GAMBLE CO	\$425.0	\$58.7	\$483.7	\$0.0	\$483.7	0.22%
16	INTL BUSINESS MACHINES	\$430.5	\$50.0	\$480.6	\$0.0	\$480.6	0.21%
17	VERIZON COMMUNICATIONS INC	\$251.1	\$25.6	\$276.7	\$200.6	\$477.3	0.21%
18	JOHNSON & JOHNSON	\$401.6	\$42.7	\$444.3	\$0.0	\$444.3	0.20%
19	PFIZER INC	\$317.4	\$53.8	\$371.2	\$69.5	\$440.7	0.20%
20	BHP BILLITON LTD	\$394.9	\$44.3	\$439.2	\$0.0	\$439.2	0.20%

¹ In millions

² Only includes Global Equity & Fixed Income assets custodied with master custodian

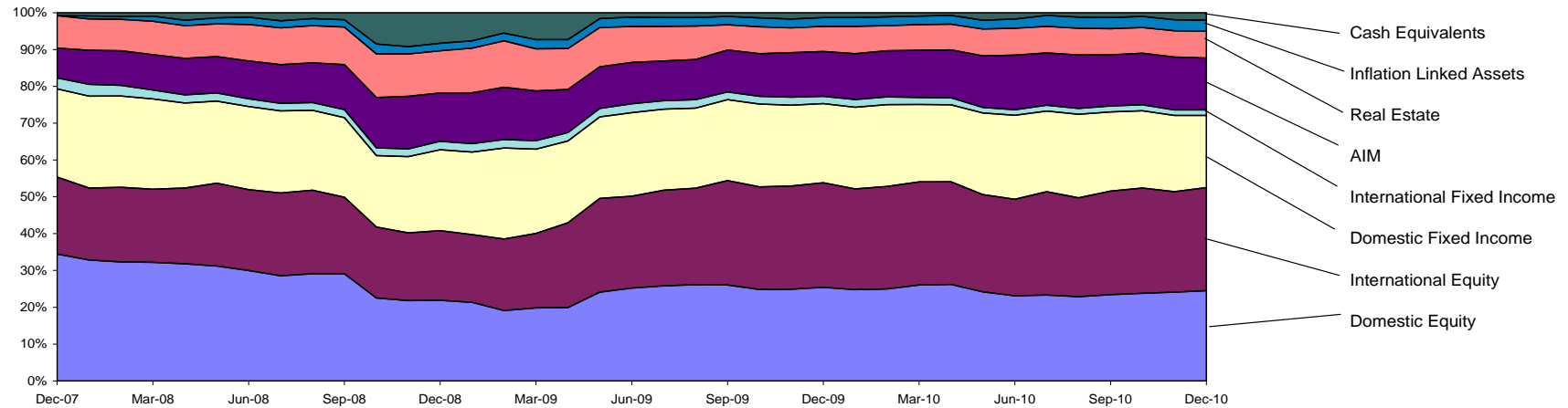
³ Source for Global Equity values: State Street Bank

⁴ Source for Global Fixed Income values: Blackrock Solutions

CalPERS

Asset Allocation as of December 31, 2010

Total Fund Market Value: **\$225,700,139,098**



	Global Equity ²	Domestic Equity ²	International Equity ²	Global Fixed	Domestic Fixed	International Fixed ³	AIM	Real Estate	Inflation Linked	Cash Equivalents ²	Total Fund
Strategic Target Range %	44-54%			15-25%			9-19%	5-15%	2-5%	0-5%	
Strategic Target %	49.0%	24.5%	24.5%	20.0%	18.0%	2.0%	14.0%	10.0%	5.0%	2.0%	N/A
Actual Investment %	52.6%	24.5%	28.0%	21.1%	19.6%	1.5%	14.1%	7.3%	3.0%	2.0%	N/A
Variance % (Strategic vs. Actual)	3.6%	0.0%	3.5%	1.1%	1.6%	(0.5%)	0.1%	(2.7%)	(2.0%)	0.0%	N/A
Strategic Target \$ ¹	\$110.6	\$55.3	\$55.3	\$45.1	\$40.6	\$4.5	\$31.6	\$22.6	\$11.3	\$4.5	\$225.7
Actual Investment \$ ¹	\$118.6	\$55.4	\$63.3	\$47.5	\$44.2	\$3.4	\$31.7	\$16.6	\$6.7	\$4.5	\$225.7
Variance \$(Strategic vs. Actual) ¹	\$8.0	\$0.1	\$8.0	\$2.4	\$3.5	(\$1.1)	\$0.1	(\$6.0)	(\$4.5)	\$0.0	N/A
% Passive	67.7%	67.1%	68.2%	0.0%	0.0%	0.0%	0.0%	7.4%	0.0%	0.0%	35.6%
% Active	32.3%	32.9%	31.8%	100.0%	100.0%	100.0%	100.0%	92.6%	100.0%	100.0%	64.4%
% Internal	76.7%	78.2%	75.4%	89.7%	96.5%	0.0%	0.0%	7.4%	58.2%	100.0%	63.5%
% External	23.3%	21.8%	24.6%	10.3%	3.5%	100.0%	100.0%	92.6%	41.8%	0.0%	36.5%

* Figures for this report are rounded for viewing purposes. Calculations are based on actual values.

* When summing amounts on this report, there may be breakage.

* MDP Venture accounts included in MDP's primary asset class. MDP Fixed and CalPERS Hedge Fund roll to External Domestic Equity.

¹ (\$ Billion)

² Equity overlay funds are included in International Equity, currency overlay funds are included in Cash and the Global Equity Cash Account is included in Domestic Equity and Domestic Fixed Income Transition Account is included in Domestic Fixed Income

³ Closed fund SWEW is included in International Fixed Income but not in the performance figures

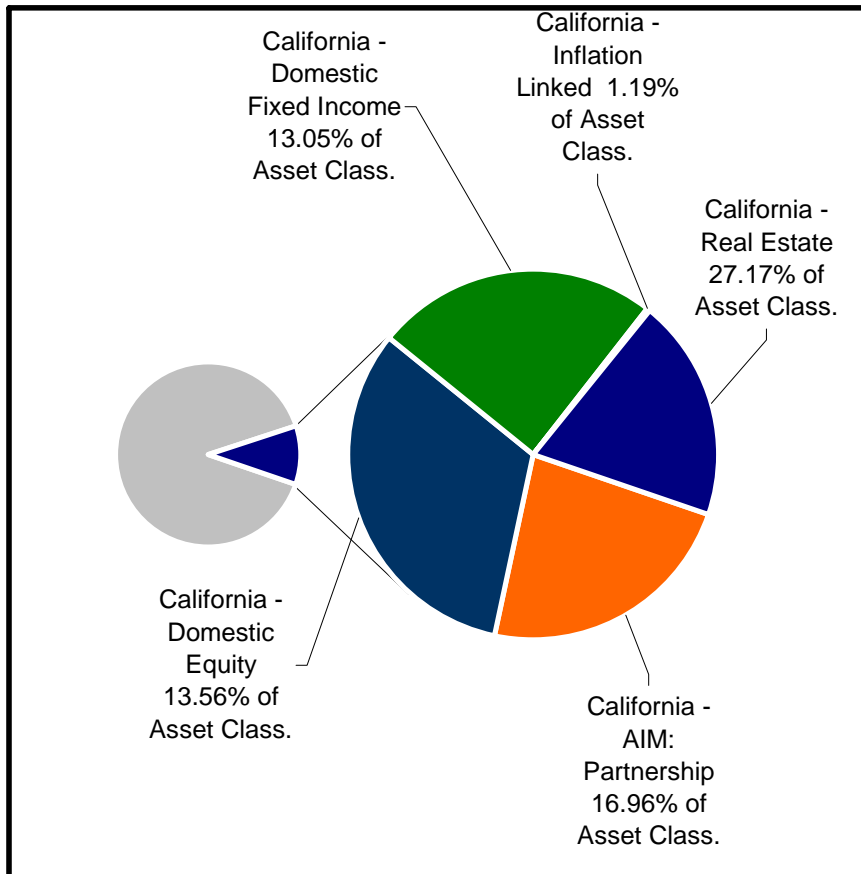
Private Market Commitment as of December 31, 2010							
AIM				Real Estate			
Funded	\$(in Billions)	% Allocation	Target Range	Funded	\$(in Billions)	% Allocation	Target Range
Fair Market Value (FMV)	\$31.71	14.05%	9-19%	Fair Market Value (FMV)	\$16.57	7.34%	5-15%
Unfunded Commitment	\$15.99	7.08%		Unfunded Commitment (as of 11/30/10)	\$6.53	2.89%	
Fair Market Value plus Unfunded Commitment	\$47.70	21.13%		Fair Market Value plus Unfunded Commitment	\$23.10	10.23%	
Infrastructure				Forestland			
Funded	\$(in Billions)	% Allocation	Target Range	Funded	\$(in Billions)	% Allocation	Target Range
Fair Market Value (FMV)	\$4.45	0.20%	0-3%	Fair Market Value (FMV)	\$2.37	1.05%	0-2%
Unfunded Commitment	\$4.44	0.19%		Unfunded Commitment	\$0.01	0.01%	
Fair Market Value plus Unfunded Commitment	\$8.89	0.39%		Fair Market Value plus Unfunded Commitment	\$2.38	1.06%	

CalPERS Investments in the State of California – December 31, 2010

The State of California offers CalPERS a number of attractive investment opportunities. The following charts summarize the investments by asset class as of the date of this report. A detailed report on California investments is available in the supplemental reporting document.

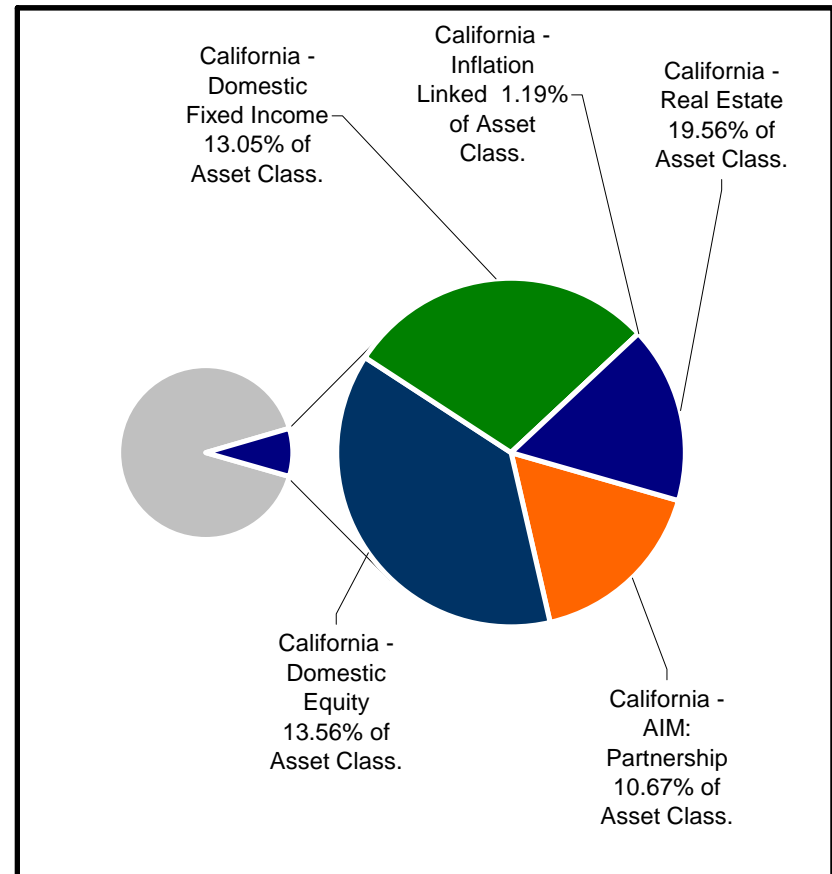
California Investments plus Additional Commitments

Current California Commitments at 12/31/2010 Total Fund %: 10.29%



California Investments

Current California Investments at 12/31/2010 Total Fund %: 8.85%

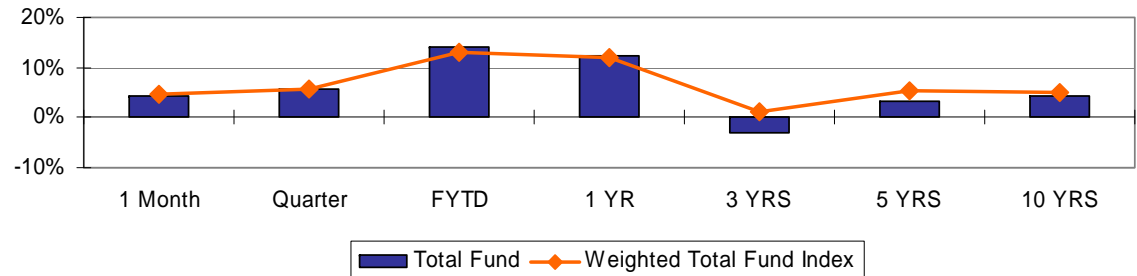


Performance Summary – December 31, 2010

Revised – 02/11/2011

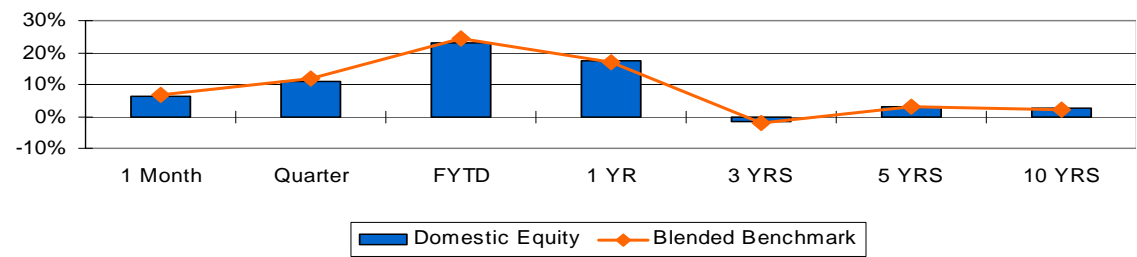
Total Plan:

Net Total Fund returns have underperformed the actual Weighted Total Fund Index in all time periods except the fiscal-year-to-date and one-year periods. Ten-year net returns were 4.29% versus 5.16% for the Actual Weighted Index.



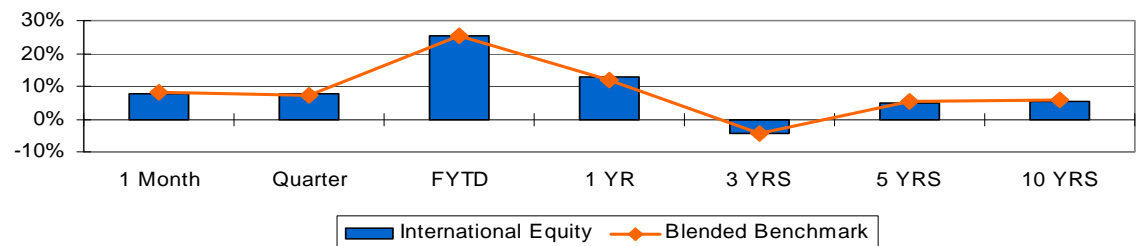
Domestic Equity:

Net Domestic Equity returns have outperformed the blended benchmark in all time periods except the one-month, one-quarter and the fiscal-year-to-date periods. Ten-year net returns were 2.38% versus 2.16% for the blended benchmark.



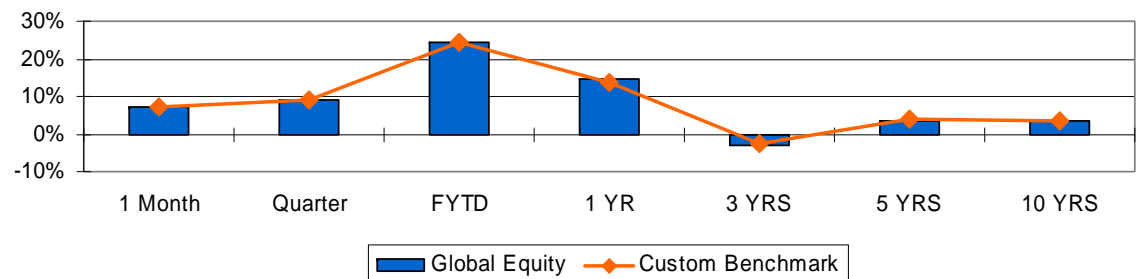
International Equity:

Net International Equity returns have underperformed the blended benchmark in all time periods except the one-quarter and one-year periods. Ten-year net returns were 5.55% versus 5.82% for the blended benchmark.



Global Equity:

Net Total Global Equity returns have outperformed the benchmark in all time periods except the three-year, five-year and ten-year periods. Ten-year net returns were 3.38% versus 3.62% for the blended benchmark.

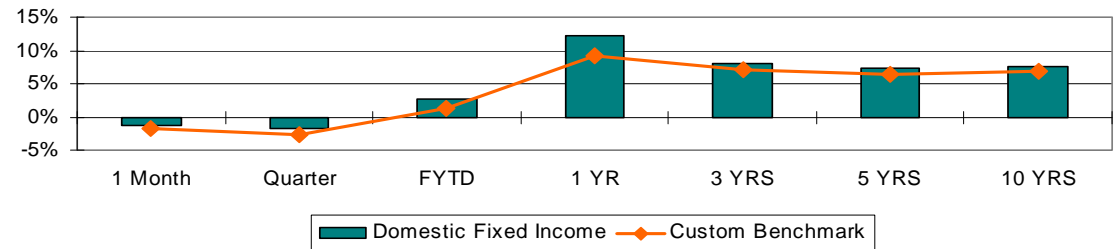


Performance Summary – December 31, 2010

Revised – 02/11/2011

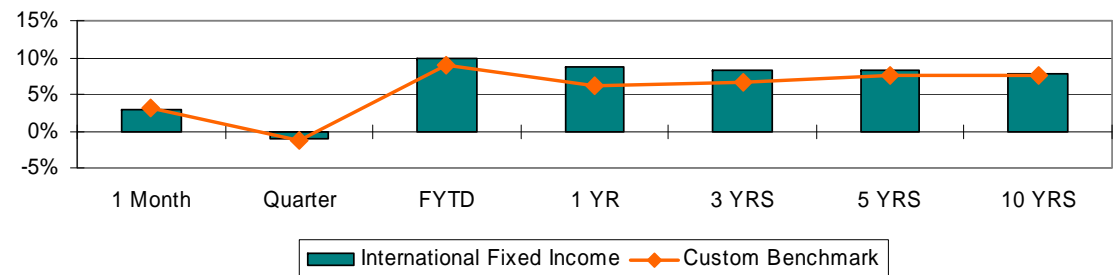
Domestic Fixed Income:

Net Domestic Fixed Income returns have outperformed the benchmark in all time periods. Ten-year net returns were 7.48% versus 6.79% for the benchmark.



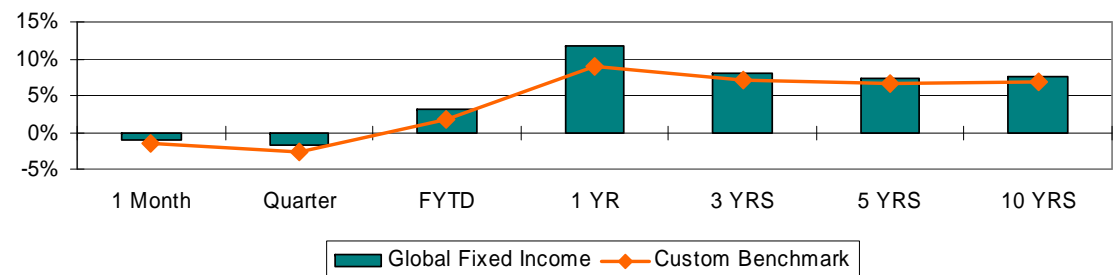
International Fixed Income:

Net International Fixed Income returns have outperformed the benchmark in all time periods except the one-month period. Ten-year net returns were 7.90% versus 7.45% for the benchmark.



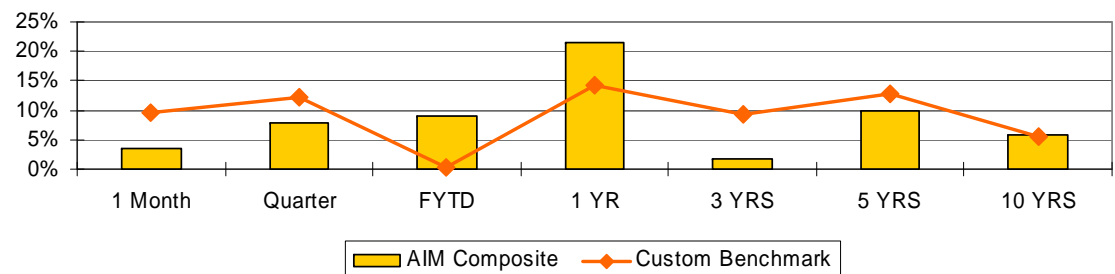
Global Fixed Income:

Net Global Fixed Income returns have outperformed the benchmark in all time periods. Ten-year net returns were 7.57% versus 6.89% for the benchmark.



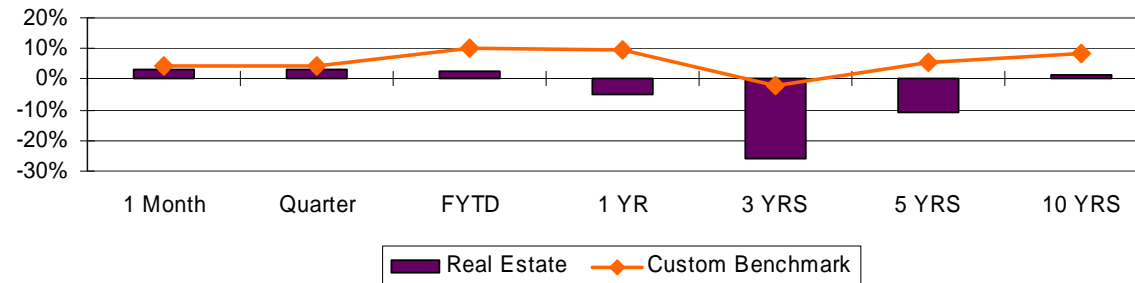
AIM Composite:

Net AIM Composite returns have underperformed the custom blended benchmark in all time periods except the fiscal-year-to-date, one-year and ten-year periods. Ten-year net returns were 5.73% versus 5.56% for the benchmark.

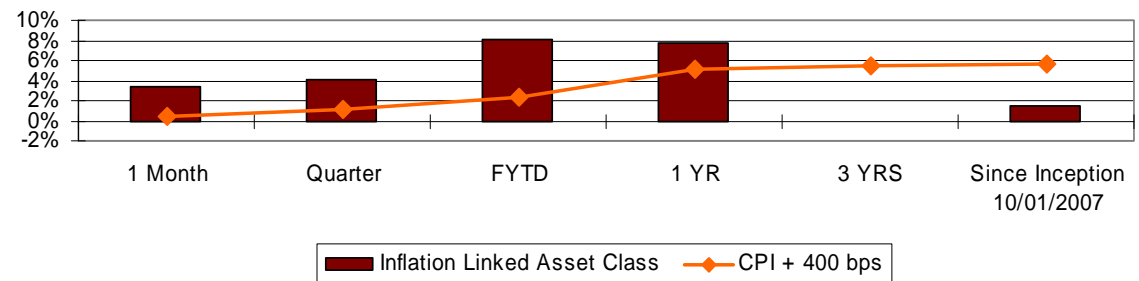


Real Estate:

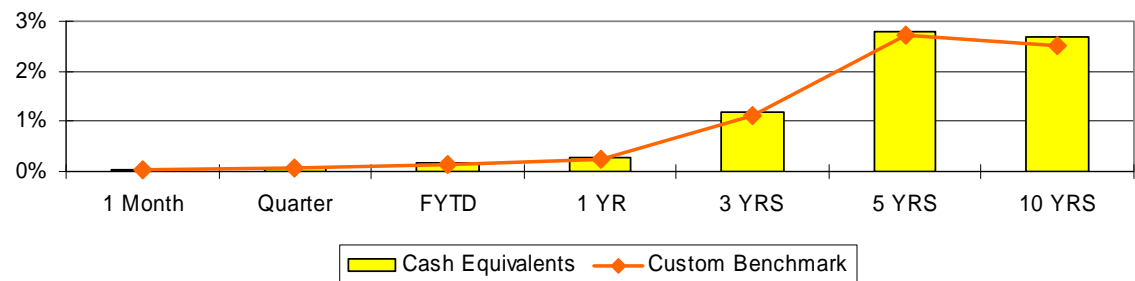
Net Total Real Estate returns have underperformed the benchmark in all time periods. Ten-year net returns were 1.51% versus 8.11% for the benchmark.

**Inflation Linked Assets:**

Net returns for the Inflation Linked Assets portfolio have outperformed the benchmark in all time periods except the three-year and since inception periods. Since inception net returns were 1.49% versus 5.64% for the benchmark.

**Cash Equivalents:**

Net returns for the Cash Equivalents portfolio have outperformed the benchmark in all time periods. Ten-year net returns were 2.70% versus 2.51% for the custom benchmark.



CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
REVISED - 02/11/2011

Periods Ending December 31, 2010

CIO SUMMARY REPORT - GROSS

	% of Plan	MKT VAL \$(000's)	1 MO	QTR	FYTD	1 YR	3 YRS	5 YRS	10 YRS
TOTAL DOMESTIC EQUITY	23.4	52,796,669	6.51	11.19	22.97	17.38	-1.76	2.96	2.43
<i>CALPERS CUSTOM FTSE TMI (BLENDED)</i>			6.80	11.71	24.49	17.11	-2.11	2.85	2.16
TOTAL INTL EQUITY	28.0	63,252,845	7.88	7.49	25.27	12.87	-4.53	4.87	5.61
<i>CALPERS FTSE ALL-WORLD EX US</i>			7.99	7.20	25.30	11.68	-4.40	5.37	5.82
TOTAL GLOBAL EQUITY EQUITIZATION	1.1	2,568,132	7.58	8.76	24.22	10.91			
TOTAL GLOBAL EQUITY	52.6	118,617,646	7.27	9.13	24.29	14.67	-3.04	3.47	3.43
<i>TOTAL GLOBAL EQ EX AIM BENCHMARK</i>			7.22	8.93	24.21	13.94	-2.06	4.23	3.62
TOTAL DOMESTIC FIXED INCOME	19.3	43,471,425	-1.26	-1.86	2.62	12.11	7.95	7.27	7.49
<i>CALPERS CUSTOM BC LPF (DAILY)</i>			-1.84	-2.78	1.21	9.18	7.07	6.39	6.79
TOTAL INTL FIXED INCOME	1.5	3,374,593	3.04	-1.01	9.95	8.86	8.30	8.45	7.99
<i>CALPERS WORLD GOVT X US</i>			3.07	-1.23	8.99	6.07	6.59	7.58	7.45
TOTAL GLOBAL FIXED INCOME	20.8	46,846,019	-0.96	-1.80	3.11	11.65	7.97	7.38	7.59
<i>CALPERS TOTAL GBL FIXED INCOME POLICY</i>			-1.45	-2.64	1.84	8.96	7.06	6.57	6.89
TOTAL AIM COMPOSITE	14.1	31,711,264	3.52	7.88	9.13	21.47	1.66	9.82	5.75
<i>WILSHIRE 2500 + 300 BPS 1 QTR LAG / CYFU</i>			9.55	12.20	0.36	14.29	9.18	12.67	5.56
<i>WILSHIRE 2500 + 300 BPS X TOBCO LAG 1 QTR</i>			9.55	12.20	0.36	14.29	-3.71	4.08	3.01
TOTAL REAL ESTATE	7.3	16,572,974	3.73	3.72	3.03	-3.77	-24.88	-8.66	4.02
<i>90% NPI+200 BPS/10% FTSE EPRA NAREIT GBL</i>			4.25	4.57	10.05	9.31	-2.04	5.34	8.11
TOTAL INFLATION LINKED	3.0	6,748,928	3.39	4.24	8.30	8.23	0.32		
<i>CPI+400 BPS 1 MONTH LAGGED</i>			0.37	1.21	2.27	5.18	5.40		
TOTAL CASH EQUIVALENTS	2.0	4,562,780	0.02	0.07	0.16	0.28	1.17	2.79	2.70
<i>PERS CUSTOM STIF NET OF FEES</i>			0.02	0.07	0.15	0.24	1.11	2.72	2.51
CURRENCY + ASSET ALLOC TRANSITION	0.3	640,528							
TOTAL FUND	100.0	225,700,139	4.25	5.68	14.06	12.62	-2.69	3.31	4.51
<i>CALPERS POLICY INDEX</i>			4.71	5.76	13.19	12.15	1.02	5.41	5.16
<i>ACTUAL WEIGHTED TOTAL FUND INDEX</i>			5.06	6.08	13.27	12.07	0.14	4.96	5.10

Equity (SH4KA1, SHAKA1, SWJH, SWZLA1); Fixed Income (SJDKA1, SJDCA1, SJEKA1)

AIM (SJA1M); Real Estate 1 QTR Lagged (SJRKA1); Inflation Linked (SX2CA1)

Cash and Currency (SJVKA1,SX1LA1); Total Fund (SJ1CA1)

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
REVISED - 02/11/2011

Periods Ending December 31, 2010

CIO SUMMARY REPORT - NET

	% of Plan	MKT VAL \$(000's)	1 MO	QTR	FYTD	1 YR	3 YRS	5 YRS	10 YRS
TOTAL DOMESTIC EQUITY	23.4	52,796,669	6.50	11.12	22.88	17.26	-1.84	2.89	2.38
<i>CALPERS CUSTOM FTSE TMI (BLENDED)</i>			6.80	11.71	24.49	17.11	-2.11	2.85	2.16
TOTAL INTL EQUITY	28.0	63,252,845	7.88	7.47	25.24	12.82	-4.58	4.81	5.55
<i>CALPERS FTSE ALL-WORLD EX US</i>			7.99	7.20	25.30	11.68	-4.40	5.37	5.82
TOTAL GLOBAL EQUITY EQUITIZATION	1.1	2,568,132	7.58	8.76	24.22	10.91			
TOTAL GLOBAL EQUITY	52.6	118,617,646	7.26	9.09	24.24	14.60	-3.10	3.41	3.38
<i>TOTAL GLOBAL EQ EX AIM BENCHMARK</i>			7.22	8.93	24.21	13.94	-2.06	4.23	3.62
TOTAL DOMESTIC FIXED INCOME	19.3	43,471,425	-1.26	-1.86	2.62	12.11	7.95	7.27	7.48
<i>CALPERS CUSTOM BC LPF (DAILY)</i>			-1.84	-2.78	1.21	9.18	7.07	6.39	6.79
TOTAL INTL FIXED INCOME	1.5	3,374,593	2.99	-1.07	9.85	8.72	8.16	8.34	7.90
<i>CALPERS WORLD GOVT X US</i>			3.07	-1.23	8.99	6.07	6.59	7.58	7.45
TOTAL GLOBAL FIXED INCOME	20.8	46,846,019	-0.96	-1.80	3.10	11.64	7.96	7.37	7.57
<i>CALPERS TOTAL GBL FIXED INCOME POLICY</i>			-1.45	-2.64	1.84	8.96	7.06	6.57	6.89
TOTAL AIM COMPOSITE	14.1	31,711,264	3.52	7.88	9.13	21.47	1.66	9.81	5.73
<i>WILSHIRE 2500 + 300 BPS 1 QTR LAG / CYFU</i>			9.55	12.20	0.36	14.29	9.18	12.67	5.56
<i>WILSHIRE 2500 + 300 BPS X TOBCO LAG 1 QTR</i>			9.55	12.20	0.36	14.29	-3.71	4.08	3.01
TOTAL REAL ESTATE	7.3	16,572,974	3.33	3.31	2.29	-5.07	-26.02	-10.65	1.51
<i>90% NPI+200 BPS/10% FTSE EPRA NAREIT GBL</i>			4.25	4.57	10.05	9.31	-2.04	5.34	8.11
TOTAL INFLATION LINKED	3.0	6,748,928	3.32	4.16	8.15	7.81	-0.09		
<i>CPI+400 BPS 1 MONTH LAGGED</i>			0.37	1.21	2.27	5.18	5.40		
TOTAL CASH EQUIVALENTS	2.0	4,562,780	0.02	0.07	0.16	0.28	1.17	2.79	2.70
<i>PERS CUSTOM STIF NET OF FEES</i>			0.02	0.07	0.15	0.24	1.11	2.72	2.51
CURRENCY + ASSET ALLOC TRANSITION	0.3	640,528							
TOTAL FUND	100.0	225,700,139	4.22	5.63	13.96	12.46	-2.86	3.09	4.29
<i>CALPERS POLICY INDEX</i>			4.71	5.76	13.19	12.15	1.02	5.41	5.16
<i>ACTUAL WEIGHTED TOTAL FUND INDEX</i>			5.06	6.08	13.27	12.07	0.14	4.96	5.10

Equity (SH4KA1, SHAKA1, SWJH, SWZLA1); Fixed Income (SJDKA1, SJDCA1, SJEKA1)
 AIM (SJA1M); Real Estate 1 QTR Lagged (SJRKA1); Inflation Linked (SX2CA1)
 Cash and Currency (SJVKA1, SX1LA1); Total Fund (SJ1CA1)

Closed Session Transactions

- There were zero closed session transactions reported to the Board in Open Session per the requirements of California Government Code Section 20191.5 and the current CalPERS Board of Administration Statement of Policy & Procedures for Closed Sessions.

Investment Policy Violations

- According to policy requirements, the following is a summary of investment policy violations extracted from the quarterly reports prepared for Investment Committee consideration. Executive Summaries and full reports are available in the Supplemental Reporting Document.

Global Equity, AIM, Cash Equivalents, Supplemental Income Plans

Report Containing Violation	Violation Description
No items to report	

Fixed Income

Report Containing Violation	Violation Description
Low Duration (Short Duration) Fixed Income Funds Report	<p>The following bonds have weighted average lives of less than 1.5 years and maintained attractive yield profiles even under certain stressed scenarios.</p> <p>On November 12, 2009, the Countrywide issued residential mortgage-backed security SWL 2006-S9 A1 was sent out to brokers for bids. Staff recommended holding the bond for now due to reserve levels not being met and the short weighted average life of the bond even under stressed scenarios. Staff will closely monitor the bond to determine future action.</p> <p>On November 12, 2009, the Countrywide issued residential mortgage-backed security CWL 2006-S10 A1 was sent out to brokers for bids. Staff recommended holding the bond due to reserve levels not being met and the short weighted average life of the bond even under stressed scenarios.</p> <p>This bond paid off in November 2010.</p> <p>Due to the portfolio being in a run-off mode, the Citibank Credit Card Issuance Trust, CCCIT 2007-A7 A7 triggered a violation of the following issue: "AAA Structured Securities w/ >1.5 WAL, <10%/issuer."</p> <p>We own 250mm current face which represents 12% of the fund. Staff recommended holding the bond for now due to the high quality and the short weighted average life (1.58 year) of the bond. Staff will closely monitor the bond to determine future action.</p>

Operations/Policy Violations/Activity Reports/Placement Agent Fees

Investment Policy Violations (cont):

Real Estate

Report Containing Violation	Violation Description
Quarterly Performance Report	<p>CalPERS' Opportunistic asset exposure was approximately 40.3 percent as of September 30, 2010, or 0.3 percent above the policy range of 10-40 percent. The exposure percentage decreased over the last quarter from 42.2 to 40.3 percent; over the last calendar year from 41.3 to 40.3 percent.</p> <p>CalPERS' Other property type exposure was approximately 15.5 percent as of September 30, 2010, or 5.5 percent above the policy limit of 10 percent. The variance is attributed to Other property type exposure being comprised largely of Urban Mixed-Use properties at 7.3 percent of the total portfolio. Staff is evaluating options for classification of mixed-use properties. The exposure percentage decreased over the last quarter from 16.3 to 15.5 percent; over the last calendar year it has increased from 15.2 to 15.5 percent.</p> <p>CalPERS' Loan-to-Value ("LTV") calculation of the Core Portfolio was approximately 45.8 percent as of September 30, 2010, or 0.8 percent above the policy limit of 45 percent. The exposure percentage decreased over the last quarter from 48.8 to 45.8 percent; over the last calendar year from 55.6 to 45.8 percent.</p> <p>CalPERS' Recourse Debt Allocated was approximately 14.2 percent as of September 30, 2010, or 4.2 percent above the policy limit of 10 percent. The exposure percentage decreased over the last quarter from 17.6 to 14.2 percent; over the last calendar year from 39.0 to 14.2 percent. In absolute dollar amounts the recourse debt allocated was approximately \$2.34 billion as of September 30, 2010, or \$0.69 billion above the policy limit of \$1.65 billion. The allocated amount decreased over the last quarter from \$2.67 billion to \$2.34 billion; over the last calendar year from \$5.35 billion to \$2.34 billion. Recourse Debt Allocated is defined in policy as the total amount of debt allocated which may or may not be drawn or utilized to date. The amount of recourse debt drawn or utilized as of September 30, 2010 was approximately 9.2 percent or \$1.52 billion.</p>

Operations/Policy Violations/Activity Reports/Placement Agent Fees

Investment Policy Violations (cont):

Inflation Linked Assets

Report Containing Violation	Violation Description
Quarterly Performance Report	<p>Infrastructure</p> <p>OECD investments outside of the US have a NAV of \$265.9 million. This amount represents 60% of the NAV of the Infrastructure portfolio, which is above the 20- 40% policy range. Note, however, the amount is only 8% of the Infrastructure Program asset allocation target. As the portfolio grows towards its allocation target, investment allocations within the portfolio are expected to move toward compliance with the policy range.</p> <p>Value-Added investments have a NAV of \$152.4 million. This amount represents 34% of the NAV of the Infrastructure portfolio, which is below the 40-70% policy range. Note, however, the amount is 5% of the Infrastructure Program asset allocation target. As the portfolio grows towards its allocation target, investment allocations within the portfolio are expected to move toward compliance with the policy range.</p> <p>Opportunistic investments have a NAV of \$133.8 million. This amount represents 30% of the NAV of the Infrastructure portfolio, which is above the 0-20% policy range. Note, however, the amount is only 4% of the Infrastructure Program asset allocation target. As the portfolio grows towards its allocation target, investment allocations within the portfolio are expected to move toward compliance with the policy range.</p> <p>The \$300 million commitment to Alinda II represents 35% of our current commitments of \$860 million. This 35% is above the 25% limit of committed capital in any single investment in a partnership or fund. Note, however, the amount is only 9% of the Infrastructure Program asset allocation target. As the portfolio grows towards its allocation target, investment commitments within the portfolio are expected to move toward compliance with the policy limit.</p>

Items Completed Under Delegated Authority

- According to policy requirements, the following is a summary of items completed under delegated authority extracted from the reports prepared for Investment Committee consideration. Full reports are available in the Supplemental Reporting Document.

Real Estate, Risk Managed Absolute Return Strategies, Corporate Governance, ILAC, AIM

Investment	Commitment
No items to report	

Operations/Policy Violations/Activity Reports/Placement Agent Fees

Activity Reports

- Staff prepares activity reports for the AIM, Real Estate, Risk Managed Absolute Return Strategies, Corporate Governance and Inflation Linked Asset Class Programs. Detailed reports and investment summaries for these programs are included in the supplemental reporting document.

AIM Activity Report

Activity	Month	2007	2008	2009	2010 YTD	Since Inception
Investment Proposals Entered	19	442	349	295	333	8,207
Declined/Referred/Failed to Materialize	21	387	339	245	353	6,729
Deals in Screening	54	442	349	295	333	5,230
Due Diligence Reviews	7	76	31	12	12	818

Real Estate Investments Activity Report:

Activity	Month	2006	2007	2008	2009	2010 YTD	Since Inception *
Investment Proposals Entered	10	N/A	N/A	138	23	136	297
Declined/Referred/Failed to Materialize	9	N/A	N/A	120	29	122	271
Deals in Screening	24	N/A	N/A	24	33	76	133
Due Diligence Reviews	0	N/A	N/A	3	0	0	3
* As of January 2, 2008							

Risk Managed Absolute Return Strategies Program Activity Report

Activity	Month	2006	2007	2008	2009	2010 YTD	Since Inception
Investment Proposals Entered	0	69	90	118	66	0	900
Declined/Referred/Failed to Materialize	0	1	0	0	0	0	243
Deals in Screening	0	68	90	118	66	20	665
Due Diligence Reviews	0	68	90	118	66	20	665
Allocations Approved by RMARS Board	0	52	66	31	0	11	217
New ARD Funds Approved by RMARS Board	0	9	8	3	0	0	44
Funded Investments (\$ Millions)	\$0	\$1,809	\$2,499	\$1,069	\$0	\$510	\$7,399

Corporate Governance Activity Report

Activity	Month	2006	2007	2008	2009	2010 YTD	Since Inception *
Investment Proposals Entered	0	N/A	N/A	7	1	1	9
Declined/Referred/Failed to Materialize	0	N/A	N/A	6	13	11	30
Deals in Screening	N/A	N/A	N/A	N/A	N/A	0	0
Due Diligence Reviews	0	N/A	N/A	13	14	12	39
* As of April 1, 2008							

Operations/Policy Violations/Activity Reports/Placement Agent Fees

Activity Reports (cont.)

Inflation Linked Asset Class Activity Report - Infrastructure

Activity	Month	2006	2007	2008	2009	2010 YTD	Since Inception
Investment Proposals Entered	5	N/A	12	57	52	105	226
Declined/Referred/Failed to Materialize	16	N/A	N/A	11	58	113	182
Deals in Screening	44	N/A	12	57	52	105	226
Due Diligence Reviews	0	N/A	N/A	0	4	2	6

Inflation Linked Asset Class Activity Report - Forestland

Activity	Month	2006	2007	2008	2009	2010 YTD	Since Inception
Investment Proposals Entered	0	N/A	N/A	9	5	7	21
Declined/Referred/Failed to Materialize	0	N/A	N/A	7	6	6	19
Deals in Screening	0	N/A	N/A	9	5	7	21
Due Diligence Reviews	0	N/A	N/A	1	0	0	1

Disclosure of Placement Agent Fees

Asset Class	Firm Name	Fund	Placement Agent Firm	Estimated Placement Agent Compensation	Disclosure Type
AIM	Riverwood Capital, LP	Riverwood Capital Partners, LP	Park Hill Group, LLX	1,2	Amendment
AIM	CVC European Equity Limited	CVC European Equity Partners, LP	David Kirby	1,2	Amendment
Real Estate	The Procaccianti Group	TPG Hospitality Investments IV, LLC	HFF Securities LP	1,2	Amendment
Real Estate	AREA Property Partners, LP	Sun-Apollo India Real Estate Fund, LLC	Credit Suisse Securities (USA), LLC	1,2	Amendment

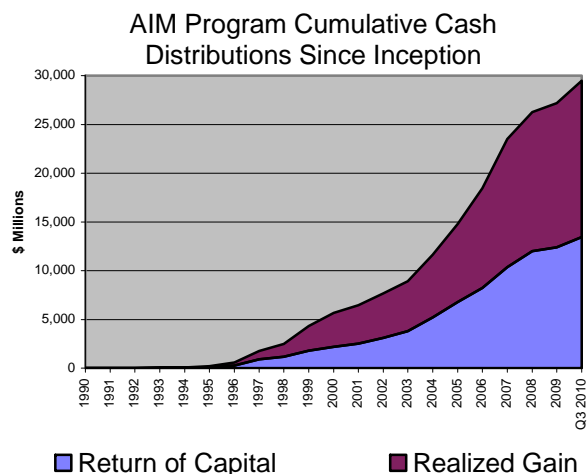
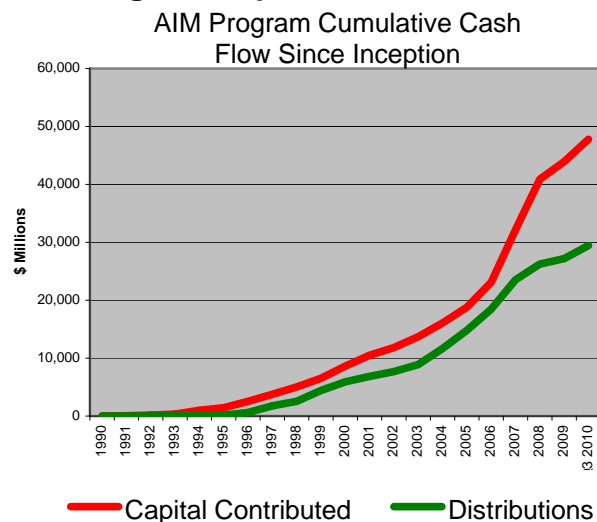
¹ – Disclosure submitted by Fund Manager.

² – The amendment does not benefit the placement agent.

Quarterly Reports

According to policy requirements, the following is summary information extracted from the quarterly reports prepared for Investment Committee consideration. Executive Summaries and full reports are available in the Supplemental Reporting Document.

AIM Program Report:



Portfolio Summary — As of 9/30/2010, the AIM Program had a total exposure of \$49.2 billion. Total exposure is the current reported value of investments plus the remaining amount of unfunded commitments. Since inception, the AIM Program has made contributions of \$47.8 billion, received distributions of \$29.5 billion and has a remaining reported value of \$31.5 billion. Of the \$29.5 billion in distributions, \$16.0 billion represents realized gains, income and dividends.

Performance Summary — At 9/30/2010, the AIM Program generated a ten-year time-weighted return of 4.7%. At 9/30/2010 the public market ten-year rolling average return for the CALPERS' Custom Wilshire 2500 Index plus 300 basis points was 3.3%. As of 9/30/2010, the weighted average age of all the current investments in the AIM Portfolio was 4.9 years. Consequently, a large portion of the portfolio is in the early stage of its investment life, when payment of fees has not been offset by young investments that are held at cost. This is known as the J-Curve effect. Since inception to 9/30/2010, the AIM Program generated a net IRR of 9.8%.

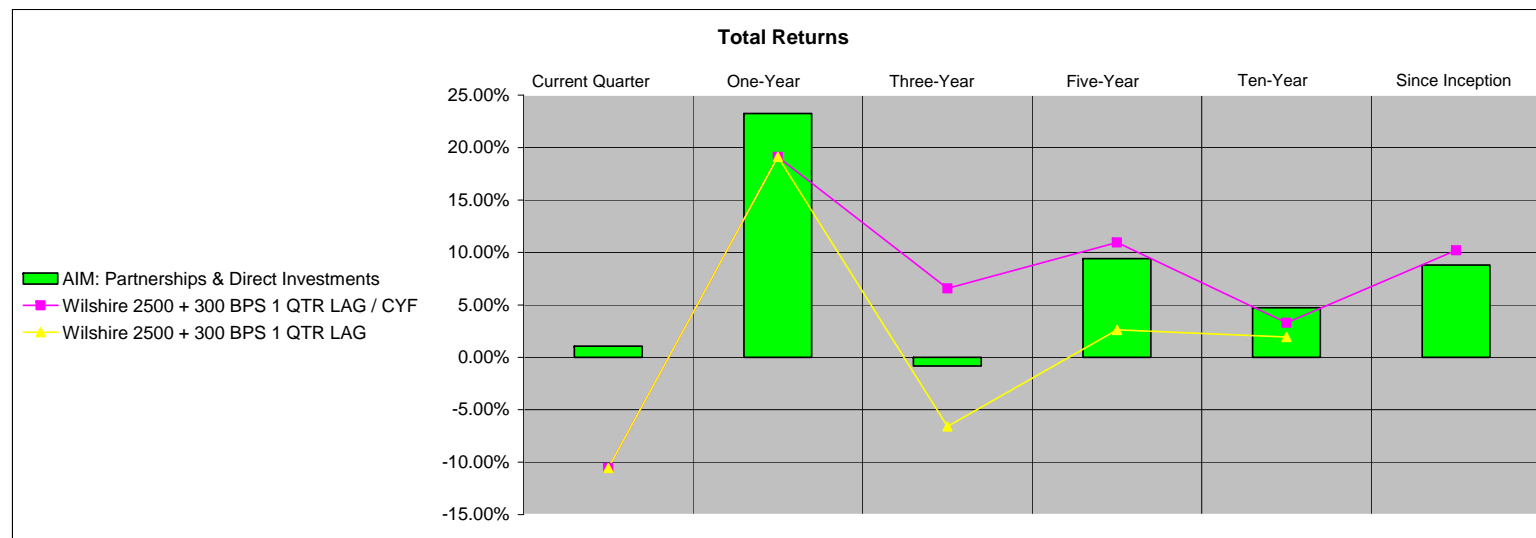
Portfolio Activity — Two new commitments were authorized during the third quarter of 2010 for a total of \$255.0 million. During the third quarter of 2010, the AIM Program received 82 proposals for new investment opportunities. During the first three quarters of 2010, the AIM Program contributed \$3,864.6 million and received distributions of \$2,293.2 million from the underlying portfolio. Of the \$2,293.2 million in distributions, \$1,268.8 million represent income and realized gains.

Quarterly Reports

AIM Program Report (cont.):

Total Asset Class Performance Review

Net Assets at Fair Market Value \$(000's) ⁽¹⁾	\$29,729,411					
	Current Quarter	One-Year	Three-Year	Five-Year	Ten-Year	Since Inception
Total⁽²⁾						
AIM: Partnerships & Direct Investments	1.06%	23.25%	-0.83%	9.40%	4.74%	8.79%
Benchmark⁽³⁾						
Wilshire 2500 + 300 BPS 1 QTR LAG / CYF⁽⁴⁾	-10.56%	19.11%	6.58%	10.95%	3.29%	10.21%
Wilshire 2500 + 300 BPS 1 QTR LAG	-10.56%	19.11%	-6.59%	2.62%	1.93%	N/A



- (1) Net assets at fair market value are calculated using a cash-adjusting formula.
- (2) Total AIM Portfolio returns shown in this table are time-weighted. Returns shown in the remainder of this report are IRRs, since IRR is the GIPS standard for measuring the performance of a private equity portfolio.
- (3) The Wilshire 2500 + 300 BPS 1 QTR LAG / CYF and Wilshire 2500 + 300 BPS 1 QTR LAG returns shown in the table above are time-weighted.
- (4) The AIM Policy Index is the Wilshire 2500 + 300 BPS lagged one quarter and linked previously to the Custom Young Fund.

Quarterly Reports

AIM Program Report (cont.):

	Capital Contributed ⁽⁷⁾	Distributions		Reported Value ⁽⁹⁾	Investment Multiple
		Return of Capital	Realized Gain ⁽⁸⁾		
Total Active Commitments⁽⁵⁾	\$40,161.7	\$8,091.5	\$11,285.1	\$31,576.4	1.3x
Total Exited Commitments⁽⁶⁾	\$7,605.2	\$5,336.4	\$4,753.5	-	1.3x

(5) An active commitment refers to an investment that has not reached the end of its legal term.

(6) An exited commitment is defined as a commitment that has ended in accordance with the terms of the partnership agreement.

(7) Includes fees in excess of committed capital.

(8) Realized gains include interest, dividends, gains and losses distributed by the general partners in addition to interest paid by CalPERS for participation in subsequent closings of certain investments.

(9) Based on values reported by the general partners as of September 30, 2010.

Quarterly Reports

Proxy Voting Report:

On a quarterly basis, Corporate Governance staff provides the Investment Committee with a report on CalPERS' proxy voting. This supplemental agenda item provides detailed results on CalPERS' proxy votes for the period of October 1, 2010 to December 31, 2010. Staff is delegated the authority to execute all proxies and voting instructions in a manner consistent with the Board's Global Proxy Voting Principles. As part of this delegation staff reviews and analyzes information provided by proxy advisory firms, market experts, like-minded investors, issuers, and the results of company engagements to ensure the votes cast are consistent with board directed principles.

Table 1 provides a summary of CalPERS' internal proxy voting results for the most recent period. Staff continues to update this table to provide the Committee with a five-quarter rolling analysis of CalPERS' proxy voting results

Table 1: Global Proxy Votes Cast

Period	Number of Meetings Voted	Number of Individual Items Voted	Shareowner Proposals Voted	Percent of Shareowner Proposals Supported
10/01/10 to 12/31/10	1,330	7,740	33	51%
7/01/10 to 9/30/10	1,203	9,983	38	58%
4/01/10 to 6/30/10	6,872	69,057	729	73%
1/01/10 to 3/31/10	1,272	8,728	111	45%
10/01/09 to 12/30/09	1,354	7,864	38	53%

Source: Glass Lewis (Viewpoint)

Additionally, staff has prepared a summary report of CalPERS' proxy votes cast during the period of October 1, 2010 to December 31, 2010.

Executive Compensation:

Table 1: Votes AGAINST executive compensation plans

Company	Meeting	Reason
Verint Systems Inc.	10/5/10	CalPERS believes equity grants should have minimum vesting periods of at least three years.
Array Biopharma Inc.	11/04/10	The plan allows for reload stock options. The plan also contains an "evergreen" provision.
Radiant Pharmaceuticals Corp.	12/03/10	CalPERS believes "evergreen" provisions should be prohibited.
WHX Corp.	12/9/10	The plan allows for the repricing of stock options.

Quarterly Reports

Proxy Voting Report (cont.):

Shareowner proposals:

Table 2: Votes FOR shareowner proposals

Company	Meeting	Proposal	Reason
News Corp.	10/22/10	Proposal Regarding Advisory Vote on Executive Compensation	CalPERS believes an advisory vote on executive compensation would be a benefit to shareowners and to the company.
Harris Corp.	10/22/10	Proposal Regarding Independent Board Chairman	CalPERS believes when the Chairman is independent the board may be able to exercise stronger oversight of management.
Regis Corp.	10/28/10	Proposal Regarding MacBride Principles	CalPERS is a firm supporter of the adoption of best practices related to fair employment and labor standards.

Table 3: Votes AGAINST shareowner proposals

Company	Meeting	Proposal	Reason
Coach Inc.	11/3/10	Proposal Regarding the Cessation of Fur Use in Products	CalPERS believes this is a business decision best left for management and the board.
Devry Inc.	11/10/10	Proposal Requesting Adoption of a Policy to Prohibit Medically Unnecessary Veterinary Training Surgeries	CalPERS believes implementation of the proposal could put the company at a competitive disadvantage and therefore pose long-term harm to the company.

Quarterly Reports

Proxy Voting Report (cont.):

Website votes (CalPERS Top 300 holdings by Market Cap):

Table 4: Website votes cast

Company/Date	Issue	Vote	Reason
Oracle Corp. 10/6/10	Proposal Regarding Retention of Shares After Retirement	For	CalPERS is a firm supporter of stock ownership guidelines that require executives to satisfy minimum levels of ownership after leaving the company. It should be noted this proposal mandates that executives hold 75% of their equity awards for two years after retirement or termination. CalPERS prefers guideline specifics be designed and implemented by the company's Independent Compensation Committee.
Proctor and Gamble Company 10/12/10	Director Election	Against	CalPERS is withholding from director Kenneth Chenault for serving on an excessive number of public company boards.
Cardinal Health Inc. 10/27/10	Proposal Regarding Performance-Based Stock Options	For	CalPERS is a firm supporter of performance-based pay.
Microsoft Corp. 11/16/10	Proposal Regarding the Formation of Environmental Sustainability Committee	Against	CalPERS is a firm supporter of sustainability related to the environment. However, in this case the board is best suited to make the determination whether or not to develop committees other than those required by law or regulation.
Clorox Company 11/17/10	Proposal Regarding Independent Board Chairman	For	CalPERS believes when the Chairman is independent the board may be able to exercise stronger oversight of management.

Quarterly Reports

Proxy Voting Report (cont.):

International Proxy Voting:

Table 5: International AGAINST votes cast

Company	Country	Issue	Reason
Sunland Group Limited 10/15/10	Australia	Director Election	Withholding from director nominee Soheil Abedian. CalPERS believes a majority of the members of key board committees should be independent.
Uchida Yoko Company Limited 10/16/10	Japan	Renewal of Takeover Defense Plan	CalPERS believes renewal of this takeover defense plan is not in shareowners' best interest.
Redrow PLC 11/04/10	United Kingdom	Authority to Set General Meeting Notice Period to 14 Days	CalPERS believes a reduction in the notice period from 21 to 14 days may not allow shareowners reasonable notice on matters in which they are required to exercise voting rights.
Mucklow A & J Group PLC 11/09/10	United Kingdom	Appoint Auditor	CalPERS believes fees for non-audit related services above 50% are excessive.
International Ferro Metals Limited 11/24/10	Australia	Directors Remuneration Report	CalPERS believes equity grants should have minimum vesting periods of at least three years.
Chiyoda Integre Company Limited 11/26/10	Japan	Director Election (Statutory Auditor)	Withholding from Akira Yamashita. CalPERS believes a majority of the members on the board of statutory auditors should be independent.

Quarterly Reports

Proxy Voting Report (cont.):

Mergers & Acquisitions:

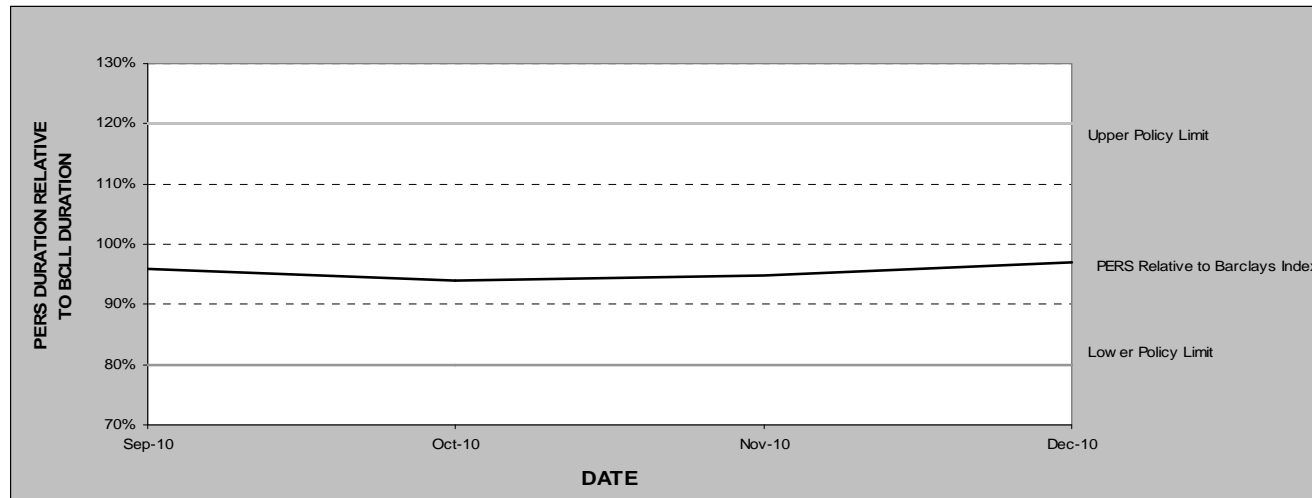
Table 6: Sample of votes cast for mergers and acquisitions

Target	Acquirer	Date	Vote
Psychiatric Solutions Inc.	Universal Health Services Inc.	10/5/10	For
DivX Inc.	Sonic Solutions	10/7/10	For
Mirant Corporation	RRI Energy, Inc.	10/25/10	For

Quarterly Reports

Internally Managed Domestic Fixed Income Report:

Interest Rate Risk



Sector Risk

SECTOR	PERMISSIBLE RANGE	LONG LIABILITY	03/31/10 PERS	06/30/10 PERS	09/30/10 PERS	12/31/10 PERS
Government	0-50	40	22	30	33	36
Mortgages	10-60	30	31	29	29	29
Sovereigns	0-15	3	2	2	2	2
Investment Grade						
Corporates	10-60	24	35	30	28	25
Opportunistic ¹	0-19	3	10	9	8	8

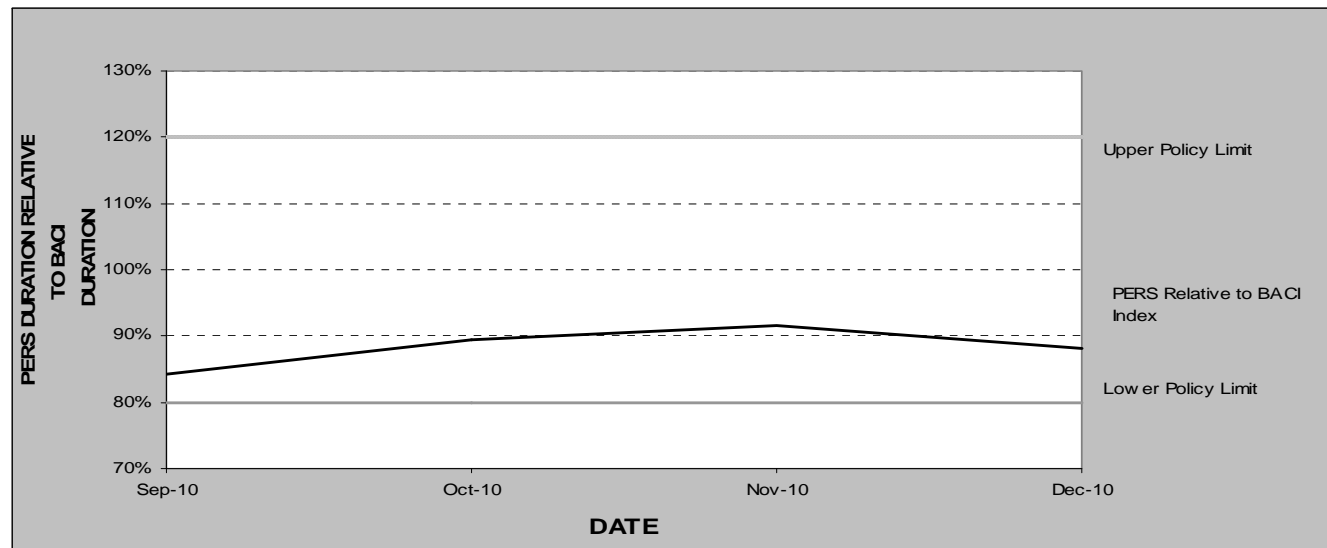
¹ High Yield

Violations to Policy:
None

Quarterly Reports

Internally Managed Barclays Aggregate Fixed Income Report:

Interest Rate Risk



Sector Risk

SECTOR	PERMISSIBLE RANGE	BARCLAYS AGGREGATE	3/31/10 PERS	6/30/10 PERS	9/30/10 PERS	12/31/10 PERS
US Treasury & Govt. Sponsored	0-80	32	32	35	25	28
Securitized	0-70	45	38	36	43	41
Corporates	10-50	23	28	27	29	27
Opportunistic	0-20	0	2	2	3	4

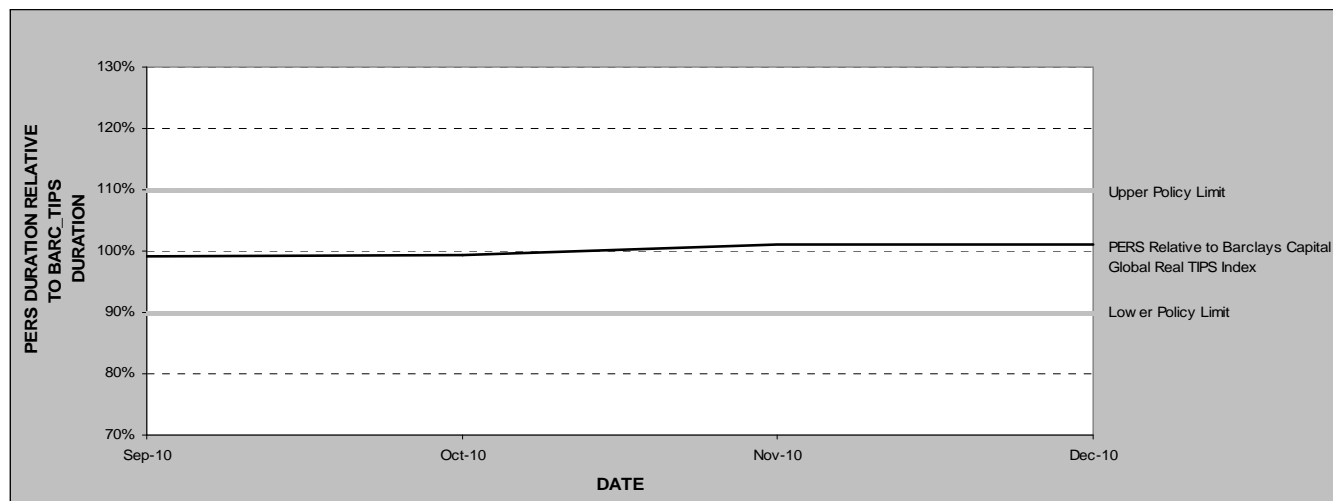
Violations to Policy:

None

Quarterly Reports

Internally Managed Treasury Inflation Protected Securities Fixed Income Report:

Interest Rate Risk



Sector Risk

SECTOR	PERMISSIBLE RANGE	BARCLAYS CAPITAL GLOBAL REAL U.S. TIPS INDEX	3/31/10	6/30/10	9/30/10	12/31/10
			PERS	PERS	PERS	PERS
TIPS	80-100	100	97	100	98	100
Nominal US Treasury	0-15	0	0	0	0	0
STIF	0-5	0	3	0	2	0

Violations to Policy:

None

Quarterly Reports

Low Duration (High Quality LIBOR) Fixed Income Funds Report:

I. Interest Rate Risk

The policy states that duration of the portfolio shall not exceed 90 days. The portfolio duration of the High Quality LIBOR Fund was 26 days.

II. Asset Allocation by Asset Type and Credit Quality, and Other Policy Limits

<u>Asset Type</u>	<u>Policy Limits</u>	<u>Portfolio Holdings</u>
STIF Funds	100%	0.04%
AAA Floating Rate Structured Securities	100	99.96
AAA Fixed Rate Structured Securities	20	0.00
Money Market Securities (\geq A1/P1)	100	0.00
Money Market Securities ($<$ A1/P1)	25	0.00
High Quality Libor Fund		100.0%
<u>Credit Quality</u>		
Securities rated AAA (LT) or A1/P1 (ST) or higher	100%	100.00%
Total Split Rated or A2/P2 money market securities ($>$ 1 day maturity)	25	0.00
High Quality Libor Fund		100.0%
<u>Other Restriction</u>		
Total Fixed Rate Exposure ($>$ 35 day maturity)	20%	0.00%

III. Violations To Policy

None

Quarterly Reports

Low Duration (Short Duration) Fixed Income Funds Report:

I. Interest Rate Risk

The policy states that duration of the portfolio shall not exceed 180 days. The portfolio duration of the Short Duration Fund was 0 days.

II. Asset Allocation by Asset Type and Credit Quality, and Other Policy Limits

<u>Asset Type</u>	<u>Policy Limits</u>	<u>Portfolio Holdings</u>
State Street Bank STIF	100%	0.20%
AAA Structured Securities	100	91.68
Non AAA Structured Securities	50	8.12
Money Market Securities (\geq A1/P1)	100	0.00
Money Market Securities ($<$ A1/P1)	25	0.00
Total Corporate Securities	50	0.00
Short Duration Fund		100.0%
<u>Credit Quality</u>		
Securities rated AAA (LT) or A1/P1 (ST) or higher	100%	91.88%
Total Split Rated and A2/P2 (ST) or non-AAA (LT)	50	8.12
Short Duration Fund		100.0%
<u>Other Restriction</u>		
Total Fixed Rate Exposure ($>$ 35 day maturity)	35%	0.00%

III. Violations To Policy

The following bonds have weighted average lives of less than 1.5 years and maintained attractive yield profiles even under certain stressed scenarios.

1. 12668GAA0 CWL 2006-S9 A1 BB+/B3

Quarterly Reports

Low Duration (Short Duration) Fixed Income Funds Report (cont):

On November 12, 2009, the bond was sent out to brokers for bids. Staff recommended holding the bond for now due to reserve levels not being met and the short weighted average life of the bond even under stressed scenarios. Staff will closely monitor the bond to determine future action.

As of December 31, 2010, CWL 2006-S9 A1 had a factor of 0.01456 and we own \$727,872.00 current face.

The three-month average voluntary prepayment rate, default rate and loss severity are 8.83%, 12.62%, and 95.51% respectively. Under this scenario, the bond has a weighted average life of 0.04 and will pay off by February 2011.

2. 12668YAA1 CWL 2006-S10 A1 BB+/Ba2

On November 12, 2009, the bond was sent out to brokers for bids. Staff recommended holding the bond due to reserve levels not being met and the short weighted average life of the bond even under stressed scenarios.

This bond paid off in November 2010.

3. 17305EDX0 CCCIT 2007-A7 A7 AAA/Aaa/AAA

Due to the portfolio being in a run-off mode, CCCIT 2007-A7 A7 triggered a violation of the following issue: "AAA Structured Securities w/ >1.5 WAL, <10%/issuer."

We own 250mm current face which represents 12% of the fund. Staff recommended holding the bond for now due to the high quality and the short weighted average life (1.58 year) of the bond. Staff will closely monitor the bond to determine future action.

Quarterly Reports

Low Duration (Short Term) Fixed Income Funds Report:

I. Interest Rate Risk

The weighted-average days to maturity of the Short-Term Fund was 3 days.

II. Asset Allocation by Asset Type and Credit Quality, and Other Policy Limits

<u>Asset Type</u>	<u>Policy Limits</u>	<u>Portfolio Holdings</u>
State Street Bank STIF	100%	68.84%
U.S. Treasury and Agencies	100	0.0
Repurchase Agreements	20	0.0
Corporate Securities	100	26.50
Fixed Asset-Backed Securities	50	0.49
Floating Asset-Backed Securities	25	4.17
Total Short-Term Fund		<u>100.0%</u>
<u>Credit Quality</u>		
Securities rated A1/P1 or higher	100%	73.50%
Total Split Rated and A2/P2	30	26.50
Total Short-Term Fund		<u>100.0%</u>
<u>Other Restriction</u>		
Total Floating Rate Exposure	50%	1.18%

III. Violations To Policy

None

Quarterly Reports

Corporate Governance Co-Investment Program Performance Review:

This report item addresses the performance of the Corporate Governance Co-Investment Program (the “Program”). The Program manages \$338 million of assets as of December 31, 2010. The objectives of the Program are:

- Produce a positive alpha through the generation of superior investment returns with co-investment opportunities.
- Identify new co-investment opportunities to take advantage of innovative and sustainable investment strategies.

The portfolio managed within the Program tends to be very concentrated with few holdings, and has a very deep “value” style bias. The portfolio positions taken are limited to those situations where the external partners believe an engagement process can affect positive investment returns.

Performance

There are four positions in the Corporate Governance Co-Investment Program’s portfolio. The long-term performance results relative to the benchmark are shown in Attachment 1, the 1 year and inception performance numbers demonstrate a value add of 6.75% and 9.50%, respectively.

Quarterly Reports

Public Record Act Requests Report:

Request Date	Requestor	Subject	Response
10/6/10	Media	CalPERS Investment Portfolio/Partnerships	Response sent 11/16/10
10/7/10	Business	CalPERS Portfolio, Public Equities	Response sent 10/25/10
10/13/10	Media	Staff Resignation	Response sent 10/27/10
11/24/10	Individual	Shareholder Proposals and Placement Agent Disclosure Regulations	Initial response sent 12/2/10
12/6/10	Business	Infrastructure Funds	Response sent 12/15/10
12/20/10	Business	Private Equity Management Fees & Expenses	Response sent 12/27/10

Spring-Fed Pool Contract Status Report:

The Quarterly Spring-Fed Pool Consultant Contract Status Report for the period ending December 31, 2010, has been prepared by staff from the Policy and Business Support Division (PBSD). The report details encumbrances of \$12,407,836 for Spring-Fed Pool contractors from the first and second quarter of fiscal year 2010-11. Actual final expenditures against these encumbrances may be less, but never greater than this amount, unless agreed upon by CalPERS through an amended letter of engagement. Amendments for the fiscal year would be identified in a future quarterly report.

Quarterly Reports

Real Estate Quarterly Performance Report:

Total Portfolio Performance — The one-year (as of September 30, 2010) total return for the Total Real Estate Portfolio was -4.5% before fees and -5.8% after fees. The nominal after fee total return (since inception) for the Total Real Estate Portfolio was 6.6% as of September 30, 2010, with the income component generating a 5.7% return and the appreciation component generating a 0.9% return.

Core Portfolio Performance — The one-year (as of September 30, 2010) total return for the Core Portfolio was 10.3% before fees and 9.4% after fees. The nominal after fee total return (since inception) for the Core Portfolio was 7.8% as of September 30, 2010, with the income component generating a 6.7% return and the appreciation component generating a 1.0% return.

Opportunistic Portfolio Performance — The one-year (as of September 30, 2010) total return for the Opportunistic Portfolio was -16.0% before fees and -17.5% after fees. The nominal after fee total return (since inception) for the Opportunistic Portfolio was 3.6% as of September 30, 2010, with the income component generating a 2.1% return and the appreciation component generating a 1.5% return.

Comparison to Benchmark — The Core Portfolio outperformed the current quarter and one-year Real Estate Policy Benchmark. It should be noted that although the Real Estate Policy Benchmark is more directly comparable to the Core Portfolio, the policy benchmark is used for the Opportunistic Portfolio as well.

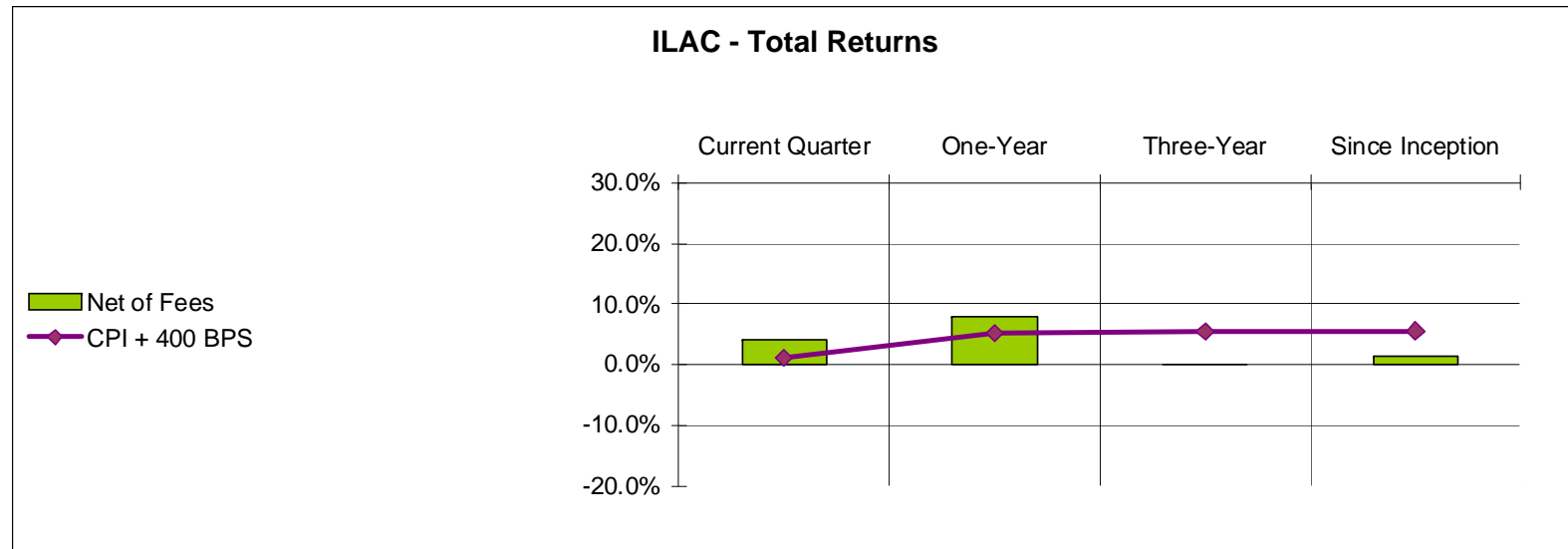
Comparison to Real Rate of Return Benchmark — The Core Portfolio exceeded the 5% real rate of return benchmark for the one-year period. Policy dictates that CalPERS after fee real rate of return should reach 5% for the Core Portfolio and exceed 5% for the Opportunistic Portfolio. All real rates of returns are shown on the chart Real Estate Policy Performance Objective Real Rate of Return (RRR) After Fee (Refer to Appendix for CPI index and Real Rate of Return calculation.)

Quarterly Reports

Inflation Linked Asset Class Report:

Total Inflation Linked Asset Class (as of December 31, 2010)

Net Assets at Fair Market Value	\$6,748,928,082			
	Current Quarter	One-Year	Three-Year	Since Inception
Total				
Net of Fees	4.2%	7.8%	-0.1%	1.5%
Benchmark				
CPI + 400 BPS	1.2%	5.2%	5.4%	5.6%
Difference Between Total ILAC Net of Fees and CPI + 400 BPS	3.0%	2.6%	-5.5%	-4.1%



* Percentage totals may not foot due to rounding.

Investment Transactions

Investment Transactions are reported to the Investment Committee for review under the requirements of California Government Code Section 20191. Information is provided in summary format in this consolidated document. Full reporting is available in the supplemental reporting document.

Portfolio Summary and Transactions Report:

- Purchases (Page 38)
- Sales (Page 39)
- Currency Hedge Portfolio Summary (Page 40)
- Currency Hedge Portfolio Transactions (Page 40)

Investment Transaction Information: (full reporting is available in the supplemental reporting document)

- Domestic Fixed Income Transactions
- International Fixed Income Transactions
- Domestic Equity Transactions
- International Equity Transactions
- Real Estate Investment Trust (REIT) Transactions
- AIM Program Transactions
 - Summary Listing of Capital Calls and Aggregate Distributions
- AIM Program Items Completed Under Delegation of Authority
 - Investment Summaries
 - No items to report
- Real Estate Equity Transactions
 - Summary Listing of Investments and Redemptions
- Real Estate Program Items Completed Under Delegation of Authority
 - Investment Summaries
 - No Items to Report
- Risk Managed Absolute Return Strategies Program Transactions
 - Summary Listing of Investments and Redemptions
 - No Items to Report
- Risk Managed Absolute Return Strategies Program Items Completed Under Delegation of Authority
 - Dispositions Summaries
 - No items to report
 - Acquisitions Summaries
 - No items to report
- Inflation Linked Assets Transactions
 - Summary Listing of Investments and Redemptions
- Inflation Linked Assets Items Completed Under Delegation of Authority
 - Investment Summaries
 - No Items to Report

Investment Transactions

Investment Transaction Information (continued): [\(full reporting is available in the supplemental reporting document\)](#)

- Corporate Governance Program Items Completed Under Delegation of Authority
 - Investment Summaries
 - No items to report
- Manager Development Program – Private Markets Transactions
 - Summary Listing of Investments and Redemptions
- Internally Managed Derivative Transactions Summary
 - Investment Summaries
 - Futures purchases: \$6,521.2 million notional
 - Futures sales: \$6,967.4 million notional
 - Swaps: \$0.0 million notional

Portfolio Transactions Summary

INVESTMENT TRANSACTIONS SUMMARY

(\$ Millions)

December 2010

PURCHASES

	<u>COST</u>	<u>%OF PURCHASES</u>
<u>EQUITIES:</u>		
Domestic	\$860.3	4.12%
International	<u>\$1,412.3</u>	<u>6.77%</u>
Total	\$2,272.6	10.89%
<u>FIXED INCOME:</u>		
Domestic	\$14,337.5	68.72%
International	<u>\$3,177.2</u>	<u>15.23%</u>
Total	\$17,514.7	83.95%
<u>ALTERNATIVE INVESTMENTS:</u>		
Partnership Component	\$728.7	3.49%
<u>REAL ESTATE:</u>		
Real Estate Equity	\$337.4	1.62%
<u>INFLATION LINKED ASSETS:</u>		
Inflation Linked	\$10.0	0.05%
TOTAL PURCHASES:	<u><u>\$20,863.4</u></u>	<u><u>100%</u></u>

Portfolio Transactions Summary

INVESTMENT TRANSACTIONS SUMMARY

(\$ Millions)

December 2010

SALES

	<u>COST</u>	<u>PROCEEDS</u>	<u>GAIN/ (LOSS)</u>
<u>EQUITIES:</u>			
Domestic	\$563.1	\$619.7	\$56.6
International	<u>\$1,009.3</u>	<u>\$1,249.2</u>	<u>\$239.9</u>
Total	\$1,572.4	\$1,868.9	296.5
<u>FIXED INCOME:</u>			
Domestic	\$6,690.3	\$6,606.3	(\$84.0)
International	<u>\$1,118.8</u>	<u>\$1,123.0</u>	<u>\$4.2</u>
Total	\$7,809.1	\$7,729.3	(\$79.8)
<u>ALTERNATIVE INVESTMENTS:</u>			
Partnership Component	\$1,188.3	\$1,188.3	\$0.0
<u>REAL ESTATE:</u>			
Real Estate Equity	\$499.7	\$503.2	\$3.5
<u>INFLATION LINKED ASSETS:</u>			
Inflation Linked	\$10.9	\$10.9	\$0.0
TOTAL SALES:	<u><u>\$11,080.4</u></u>	<u><u>\$11,300.6</u></u>	<u><u>\$220.2</u></u>

Portfolio Transactions Summary

CURRENCY HEDGE PORTFOLIO SUMMARY

(\$ Millions)

December 2010

<u>PENDING FX CONTRACTS</u>	<u>COST</u>	<u>MARKET VALUE</u>
Total FX Purchased	\$4,625.8	\$4,647.9
Total FX Sold	\$12,477.2	\$12,536.3

CURRENCY OPTIONS

Currency Puts	(\$41.2)	(\$41.2)
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"For FX purchased, a market value higher than book value means the contracts have an unrealized gain as of the valuation date. For FX sold, a market value lower than book value means the contracts have an unrealized gain as of the valuation date."

CURRENCY HEDGE TRANSACTION SUMMARY

(\$ Millions)

December 2010

<u>PURCHASES</u>	<u>COST</u>
Pending FX Contracts	\$9,554.3

<u>SALES</u>	<u>PROCEEDS</u>
Pending FX Contracts	\$8,423.4

Affiliate Funds Reports

State Street Bank has compiled the following Affiliate Funds Performance Reports for the periods ending December 31 2010. [\(full reporting is available in the supplemental reporting document\)](#)

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Periods Ending December 31, 2010

Affiliate Funds Monthly Performance Summary - Plan Comparison

RATES OF RETURN - Gross

	MKT VAL \$(000)	Month	QTR	FYTD	CYTD	1 YR	3 YRS	5 YRS	10 YRS
CALPERS CERBT FUND	1,580,958	5.26	6.34	18.62	13.36	13.36	-0.12		
<i>CERBT POLICY INDEX</i>		5.11	6.12	18.60	13.21	13.21	-0.47		
CALPERS HEALTH CARE BOND FUND	441,140	-0.73	-0.51	1.94	7.42	7.42	5.74		
<i>BC AGGREGATE (DAILY)</i>		-1.08	-1.30	1.15	6.54	6.54	5.90		
JUDGE'S RETIREMENT FUND	53,798	0.02	0.07	0.15	0.24	0.24	1.11	2.72	2.53
<i>91 DAY TREASURY BILL (DAILY)</i>		0.02	0.04	0.08	0.13	0.13	0.79	2.43	2.38
JUDGES II FUND	504,763	4.13	4.89	15.80	13.31	13.31	0.70	4.38	4.35
<i>CAL JRS II POLICY INDEX</i>		3.90	4.70	15.68	12.96	12.96	0.80	4.50	4.31
LEGISLATOR'S RETIREMENT FUND	121,664	2.11	2.91	10.48	12.09	12.09	3.43	5.43	5.19
<i>CAL LRS POLICY INDEX (DAILY)</i>		1.76	2.45	10.05	11.28	11.28	3.07	5.16	5.28
LONG TERM CARE FUND	3,049,653	3.57	4.59	14.34	12.98	12.98	2.00	5.10	4.54
<i>CAL LTC POLICY INDEX (DAILY)</i>		3.35	4.24	14.02	12.39	12.39	1.94	5.02	4.40
CONTINGENCY RESERVE FUND	6,102	0.02	0.07	0.15	0.24	0.24	1.11	2.72	2.53
<i>91 DAY TREASURY BILL (DAILY)</i>		0.02	0.04	0.08	0.13	0.13	0.79	2.43	2.38

Affiliate Funds Reports

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Periods Ending December 31, 2010

Affiliate Funds Monthly Performance Summary - Plan Comparison

RATES OF RETURN - Net Mgr

	MKT VAL \$(000)	Month	QTR	FYTD	CYTD	1 YR	3 YRS	5 YRS	10 YRS
CALPERS CERBT FUND	1,580,958	5.26	6.34	18.62	13.36	13.36	-0.12		
<i>CERBT POLICY INDEX</i>		5.11	6.12	18.60	13.21	13.21	-0.47		
CALPERS HEALTH CARE BOND FUND	441,140	-0.73	-0.51	1.94	7.42	7.42	5.74		
<i>BC AGGREGATE (DAILY)</i>		-1.08	-1.30	1.15	6.54	6.54	5.90		
JUDGE'S RETIREMENT FUND	53,798	0.02	0.07	0.15	0.24	0.24	1.11	2.72	2.53
<i>91 DAY TREASURY BILL (DAILY)</i>		0.02	0.04	0.08	0.13	0.13	0.79	2.43	2.38
JUDGES II FUND	504,763	4.13	4.89	15.80	13.31	13.31	0.70	4.38	4.35
<i>CAL JRS II POLICY INDEX</i>		3.90	4.70	15.68	12.96	12.96	0.80	4.50	4.31
LEGISLATOR'S RETIREMENT FUND	121,664	2.11	2.91	10.48	12.09	12.09	3.43	5.43	5.18
<i>CAL LRS POLICY INDEX (DAILY)</i>		1.76	2.45	10.05	11.28	11.28	3.07	5.16	5.28
LONG TERM CARE FUND	3,049,653	3.57	4.59	14.34	12.98	12.98	2.00	5.10	4.54
<i>CAL LTC POLICY INDEX (DAILY)</i>		3.35	4.24	14.02	12.39	12.39	1.94	5.02	4.40
CONTINGENCY RESERVE FUND	6,102	0.02	0.07	0.15	0.24	0.24	1.11	2.72	2.53
<i>91 DAY TREASURY BILL (DAILY)</i>		0.02	0.04	0.08	0.13	0.13	0.79	2.43	2.38